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**"A fragment of a better order?"
The Manawatu Co-operative Society Ltd,
1935 - 1939.**

**A Research Exercise presented in partial fulfillment of the requirements for the
degree of Bachelor of Arts with Honours in History at Massey University.**

KAREN MORGAN

1995

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Abbreviations

Alliance	The New Zealand Co-operative Alliance
Co-op.	Co-operative
CWS	British Co-operative Wholesale Society
MP	Member of Parliament
NDA	National Dairy Association of New Zealand
NZCWS	New Zealand Co-operative Wholesale Society
NZ Co-op.	<u>The New Zealand Co-operator</u>
PDC	Premier Drapery Company Ltd
PN	Palmerston North
PNCCA	Palmerston North City Council Archives
SPA	Shareholder's Progressive Association

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Introduction

**'Co-operation:
it is a brand burning brightly in the minds of hundreds,
smouldering in the minds of thousands,
ready to kindle in the minds of millions.'**¹

The world experienced the 1930s as a time of economic depression, with increasing political unease about the situation in Germany, and wars in Spain and China. The economic depression triggered by the collapse of Wall Street in October 1929 was felt in New Zealand from 1930. Unemployment rose, wages and farm prices fell, and New Zealand saw an increase in relief work and soup kitchens. In 1932 there were riots in the main cities. A coalition of the United and Reform parties won the 1931 election, but voters found the government was unable to improve conditions materially. The first Labour Government won power in November 1935, and although New Zealanders saw good times ahead, the economy did not fully recover from the slump until demand for the country's products improved with the Second World War. Although New Zealanders are generally proud to be individualists, experiences of the 1930s encouraged many to work together to mitigate the prevailing conditions. Women's unemployment relief committees were established up to help women without family or government assistance, by providing food and training in domestic skills. Churches became increasingly involved in economic and social problems, and previously evangelical city missions assumed a welfare role. Similarly, the State's place in the domestic economy changed from the late 1920s. The Government made housing loans available, eased mortgage payments and increasingly provided work schemes and benefits for unemployed men. Labour's election in 1935 led to previous government welfare initiatives being consolidated in the 'welfare state', and compulsory unionism was introduced. There was a general rise in collectivism in society at this time, and within this, the model of international co-operation, and especially British consumers' co-operation, attracted attention in New Zealand.

The pattern for consumer co-operation had been taken from the earliest successful British co-operative society, the Rochdale Equitable Pioneers' Society. In 1844, twenty-eight weavers contributed £1 of capital each, and started a world-wide phenomenon.² This group established certain principles which co-operatives throughout the world still tend to adhere to, including open membership, equal voting rights, consumers' rebates, cash trading and education, and generally followed the ideas of Robert Owen.³ What, therefore, is a consumers' co-operative? According to a pamphlet written in New Zealand in the 1940s, it is 'a voluntary

¹ 'What is this thing, Co-operation?', *The New Zealand Co-operator* (NZ Co-op.) 1:3, December 1933, p. 15.

² *NZ Co-op.* 1:1, 10 July 1933, pp. 1-2; pamphlet on Toad Lane Museum in Rochdale, PNCCA, Series Co-op 30.

³ Margaret Digby, *The World Co-operative Movement* (London, 1948) p. 12-13.

association of people organised democratically and according to a specific set of rules or principles, for the primary purpose of supplying their needs through mutual action',⁴ and this, with the limitation that membership is restricted to consumers, is the definition used in this study. Others have called it a form of socialism, or more idealistically, 'a fragment of a better order embedded in an imperfect world'.⁵

The co-operative movement grew out of poverty in the north of England, and spread around much of the world. Before the Second World War, consumers' co-operation was estimated to span fifty-four countries, 50,279 co-operative societies and over fifty-nine million members. In addition, there were forty-seven million members of producers' societies, and agricultural and rural credit societies.⁶ In Britain in 1935, there were 1,118 retail consumers' co-operatives with 7.8 million members, about 20% of the population.⁷ Co-operative retail trade for 1935 exceeded £220 million, and £27 million was paid in wages to over 210,000 employees.⁸ Of this, the Co-operative Wholesale Society (CWS), which sold goods to the retail co-operatives, accounted for nearly 45,000 employees and had a turnover of almost £100 million in 1933.⁹ Co-operative societies were active in Australia also. In 1932, Australia had 98 consumers' co-operatives, nearly 120,000 members, and turnover of £3.7 million.¹⁰ Consumers' co-operatives existed in a range of countries, including Israel, USSR, Ireland, Japan, India, Denmark, USA and Germany, but the New Zealand model seems to have come from England.

As the next chapter will show, New Zealand co-operation was small in the 1930s. This study will consider the role of one consumers' co-operative, the Manawatu Co-operative Society Ltd¹¹ from its foundation in April 1935 until the start of the Second World War in September 1939. The Society was based in Palmerston North, a city with an estimated population in the Borough of 22,250 in April 1935, and 1,004 unemployed men in May 1936.¹² Although the Society later had trading enterprises around the region, at the time of my study it was confined to the city.

⁴ William. L. Robertson, What is a Consumers' Co-operative?, pamphlet, New Zealand Federation of Co-operatives (Palmerston North, c. 1947), p. 1.

⁵ Digby, p. 8; NZ Co-op, 2:8, August 1935, p. 13.

⁶ G. D. H. Cole, A Century of Co-operation (London, 1946) p. 369.

⁷ Cole, pp. 372, 375, 391.

⁸ NZ Co-op, 4:5, May 1937, p.14.

⁹ NZ Co-op, 1:3, December 1933, p. 15; 1:9, August 1934, p. 8.

¹⁰ NZ Co-op, 2:2, November 1935, p. 4.

¹¹ The original name was Manawatu District Co-operative Society Ltd, however the 'District' was dropped in October 1935. It became Consumers' Co-operative Society (Manawatu) Ltd in October 1944, and traded under this name until 1988. Minutes of Management Committee, 23 October 1935; Minutes of Special General Meeting, 25 October 1944.

¹² New Zealand Official Yearbook, 1936 pp 63, 65; Bronwyn Dalley, 'A Question of Responsibility - the Palmerston North Hospital Board and Charitable Relief, 1925 - 1938', BA (Hons) research exercise in History (Massey University, 1985); p. 38.

I am using this particular co-operative as a case study to reflect what may have occurred in the early years of similar organisations. The area of co-operation has not been considered academically in New Zealand, and indeed, there has been a limited amount of formal business history written in which we can contextualise this study. In Manawatu, the only local business studies have been a centennial history of Barraud and Abraham, a trading company, and a retired engineer's memoirs of the Manawatu-Oroua Electric Power Board.¹³ Both are narratives, and lack any context of the time, area or industry. Although there are a number of general local histories, they are also uncritical and have tended to concentrate on the early colonial period.¹⁴ There have also been a variety of organisational histories, which again do not concentrate on the period of the 1930s.¹⁵ Academically, the 1930s in Manawatu have previously been considered in the areas of maternity care, charitable relief, radio broadcasting and the political labour movement,¹⁶ and these studies have provided helpful material to my research.

The Manawatu Co-operative Society is an important part of the history of Manawatu, socially and economically. It grew to be the largest business in the district, and was a major employer. It had groceries and butchers' shops throughout the city and surrounding areas, including Foxton, Ashhurst, Bulls, Levin, Pahiatua, and Taihape. The purchase and renovation of the Premier Drapery Company (PDC) department store in 1956 and Manly Outfitters in 1951 signalled its move into selling non-food items. This trend continued with the takeover or opening of stores selling petrol, bicycles, wine and liquor and motorcycles. By 1978, the Society had 30,000 shareholders, and it was estimated that there were members in half of the city households, and one-third of country homes. The 1980s saw a change in role for the Co-operative Society, as it moved out of community stores and became primarily a landlord, with the building of the PDC/Foodtown Plaza. The Society figures prominently in the memories of people living in Palmerston North as an employer, a sponsor of local sporting events, and as a

¹³ Merchant Memoirs: The Short History of a Manawatu Merchant in a Century of Service, 1882 - 1982 Barraud and Abraham Ltd (Palmerston North, 1983); James William S. Clevely, Manarua Memoirs: a Short History of the Manawatu-Oroua Electric Power Board, 1920-1972 (Palmerston North, 1973).

¹⁴ See for example, G. C. Petersen, The Pioneering Days of Palmerston North (Levin, 1952); G. C. Petersen, Palmerston North: a Centennial History (Wellington, 1973); A. G. S. Bradfield, Forgotten days: Pioneering Experiences of the Early Citizens of Palmerston North and Settlers of Manawatu (Levin, 1956); A. G. S. Bradfield, The Precious Years: Further Stories of the Pioneering Days of Palmerston North and Districts in the Manawatu (Palmerston North, 1962).

¹⁵ See for example, Mary Davies, Without Prejudice: a History of the Manawatu Branch of the National Council of Women, 1934 - 89 (Palmerston North, 1990).

¹⁶ Dalley, op. cit.; B. J. Webster, 'The Palmerston North Political Labour Movement, 1916 - 35', BA (Hons) research exercise in History (Massey University, 1980); Philip Fleming, 'Radio Broadcasting in Palmerston North, 1924 - 1937', BA (Hons) research exercise in History (Massey University, 1980); Gaynor Smith, 'Essentially a Woman's Question. A Study of Maternity Services in Palmerston North, 1915 - 1945', BA (Hons) research exercise in History (Massey University, 1987).

supplier, and even its collapse and the resulting loss of shares is remembered by its ex-members. A study of the first five years of this organisation foreshadows its meteoric rise in the post-war period. Even in the short period considered, the Society opened five enterprises, and only the war limited further expansion. My work also takes into account the extensive international body of works on co-operation, especially from the period of the late 1930s and 1940s, when world co-operators were preparing to celebrate the centenary of the Rochdale Pioneers in 1944.

There are problems in undertaking a local study of an international phenomenon, without a national framework available as a background. As a consequence, this is very much a preliminary study, as it is difficult to be certain that this organisation is typical of its time. Although the national magazine of the 1930s, The New Zealand Co-operator, shows that Manawatu was founded in much the same way as other societies, it was unusual in that it was one of the few co-operatives to report on its activities regularly and therefore no real comparisons can be made. In addition, the Manawatu Co-operative Society grew to be much more successful than other co-operatives, trading for over fifty years when the average lifespan was around nine years.¹⁷

The Manawatu Society's success led to my initial interest in how a group of socialists and idealists could start and run a successful business. Palmerston North was chosen as the focus for this study because the society operated sufficiently recently for local people to remember it, and because the records were preserved in the Palmerston North City Council Archives, and thus were available for use. Whilst the quality of records make a comprehensive study possible, the scope of an honours research exercise precluded a longer time frame for this study. However, a study of the first five years of this organisation is significant because it sheds light on the beginnings of similar organisations, and allows some conclusions to be drawn as to why it achieved early success, at a time and stage of development when other co-operatives failed.

The first chapter considers the New Zealand co-operative experience, and puts the Manawatu Society into the national context. Chapter Two considers the role of trade unions in the local co-operative movement, and that of the Labour Party in local and national co-operation. The third chapter looks at the difficulties faced by the idealists on the management committee when it came to running a business in a professional manner. Lastly, at a time when there was a growing prominence of women as consumers, I consider the many roles filled by women in the local co-operative movement, and assess their significance. The importance

¹⁷ W. A. Poole, Co-operative Retailing in New Zealand (Wellington, 1969) pp. 7, 18.

of women was stressed throughout New Zealand co-operation, and it is this background that will be considered first.



The first store in Broadway Avenue, opened 14 November 1935.

Source: PNCCA Community Archives, reunion display. The style of the 'Co-op' logo indicates that this photograph was not taken before the early 1950s.

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